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7 and Debtor In Possession

8 **UNITED STATES BANKRUPTCY COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

11 In re

12 **BORREGO COMMUNITY**
13 **HEALTH FOUNDATION,**

14 Debtor and Debtor In
15 Possession.

Case No. 22-02384-11

Chapter 11 Case

Judge: Honorable Laura S. Taylor

**NOTICE OF SALE PROCEDURES,
AUCTION DATE AND SALE
HEARING**

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**NOTICE OF SALE PROCEDURES,
AUCTION DATE, AND SALE HEARING**

PLEASE TAKE NOTICE that, on November 10, 2022, the above-captioned debtor and debtor in possession (the “Debtor”), filed the *Debtor’s Notice Of Motion And Motion For The Entry of (I) An Order (1) Approving Form Of Asset Purchase Agreement; (2) Approving Auction Sale Format and Bidding Procedures, (3) Approving Process For Discretionary Selection Of Stalking Horse Bidder And Bid Protections; (4) Approving Form Of Notice To Be Provided To Interested Parties; (5) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest And Best Bidder; And (6) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* [Docket No. 161] (the “Motion”).¹ The Debtor seeks, among other things, to sell substantially all of the Debtor’s assets (collectively, the “Purchased Assets”) to the winning bidder(s) (the “Winning Bidder”), at an auction free and clear of all liens, claims, encumbrances and other interests pursuant to §§ 363 and 365 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, subject to the objections of the California Department of Health Care Services and United States Department of Health and Human Services to be heard at or before the Sale Hearing.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court approved the bidding procedures at a hearing on December 7, 2022 and will enter an order (the “Bidding Procedures Order”) approving the Motion and the bidding procedures (the “Bidding Procedures”), which will set the key dates and times related to the Sale of the Purchased Assets. **All interested bidders should carefully read the Bidding Procedures Order and the Bidding Procedures.** To the extent that there are any inconsistencies between the Bidding Procedures Order (including the Bidding Procedures) and the summary description of its terms and conditions contained in this Notice, the terms of the Bidding Procedures Order shall control.

PLEASE TAKE FURTHER NOTICE that to participate in the Auction, any party (a “Potential Bidder”) wishing to submit a Bid to purchase the Purchased Assets must execute, or have executed, a nondisclosure agreement (“NDA”) in the form provided by Debtor’s advisors and in form and substance satisfactory to the Debtor before such Potential Bidder may receive due diligence information from the Debtor, including access to the Debtor’s on-line data room or other non-public information relating to the Purchased Assets. In addition, any Potential Bidder must submit financial information to the Debtor, who shall provide such financial information to the Committee’s professionals upon request, to evidence such

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

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Potential Bidder's ability to consummate the Sale, which information must be satisfactory to the Debtor after consultation with the Committee.

PLEASE TAKE FURTHER NOTICE that on or before **January 5, 2023**, any Potential Bidder must submit an Indication of Interest to purchase the Purchased Assets to the Debtor and the Committee, which includes (1) the proposed structure of the transaction; purchase price and any material terms; (2) a description of the acquiring entity and relevant experience; (3) proposed plans for the assets following consummation of the sale transaction; (4) evidence of financial capacity to complete the transaction; (5) authority and approval to complete the transaction; (6) a detailed description of the due diligence information and / or investigation you may require to submit a Bid; (7) a proposed timetable for consummating the transaction; and (8) contact information for the Potential Bidder.

PLEASE TAKE FURTHER NOTICE that only those parties that submit Qualified Bids may participate in the Auction. If you are interested in submitting a Qualified Bid, you must comply with the Bidding Procedures. Any party in interest wishing to receive relevant documents and available marketing materials may do so by contacting Ankura, 2021 McKinney Avenue, Suite 340, Dallas, Texas 75201 (Attn: CJ Pease (charles.pease@ankura.com)).

PLEASE TAKE FURTHER NOTICE that any party that has not received a copy of the Motion or the Bidding Procedures Order that wishes to obtain a copy of the Motion or the Bidding Procedures Order, including all exhibits thereto, may make such a request in writing to Dentons US LLP, Attn: Tania M. Moyron, Suite 2500, 601 South Figueroa Street, Los Angeles, CA 90017 or by emailing tania.moyron@dentons.com or calling (213) 623-9300.

PLEASE TAKE FURTHER NOTICE that any party that wishes to take part in the bidding process and submit a Qualified Bid for the Purchased Assets must submit its competing bid by **no later than 5:00 p.m. (prevailing Pacific Time) January 23, 2023** (the "Bid Deadline") so that such Bids are actually received by the Bid Deadline by all of the following parties: (i) counsel to the Debtor: Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90017 (Attn: Samuel R. Maizel (samuel.maizel@dentons.com) and Tania M. Moyron (tania.moyron@dentons.com)); (ii) financial advisor to the Debtor: Ankura, 2021 McKinney Avenue, Suite 340, Dallas, Texas 75201 (Attn: CJ Pease (charles.pease@ankura.com)); (iii) the Office of the United States Trustee (the "U.S. Trustee"): 880 Front Street, Room 3230, San Diego, California 92101 (Attn: David Ortiz (david.a.ortiz@usdoj.gov)); (iv) counsel to the Committee: Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 13th Floor, Los Angeles, California 90067 (Attn: Jeffrey N. Pomerantz (jpomerantz@pszjlaw.com) and Steven W. Golden (sgolden@



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1 pszjlaw.com)); and (v) financial advisor to the Committee: FTI, 350 South Grand
 2 Avenue, Suite 3000, Los Angeles, California 90071 (Attn: Cynthia Nelson (cynthia.
 3 nelson@fticonsulting.com) and Marc Bilbao (marc.bilbao@fticonsulting.com))
 (collectively, the “Notice Parties”).

4 **PLEASE TAKE FURTHER NOTICE** that Potential Bidders may either
 5 e-mail their Bids to the e-mail addresses listed above or may deliver hard-copies of
 6 their Bids to the physical addresses listed above so that they are actually received by
 7 the Bid Deadline. The Debtor shall have no obligation to consider any other delivery
 format, such as fax, as being acceptable.

8 **PLEASE TAKE FURTHER NOTICE** that the Debtor may, after
 9 consultation with the Committee, extend the Bid Deadline until the commencement
 10 of the Auction for one or more Potential Bidders without prior notice, but shall have
 no obligation to do so under any circumstances.

11 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the
 12 Bidding Procedures, an auction (the “Auction”) to sell the Purchased Assets will be
 13 conducted on **February 6, 2023 at 10:00 a.m. (prevailing Pacific Time)** at the
 14 offices of Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles,
 15 California 90017. In advance of the Sale Hearing and within two business days of the
 conclusion of the Auction (if such Auction is conducted), the Debtor shall file a
 notice with the Bankruptcy Court identifying the Winning Bidder.

16 **PLEASE TAKE FURTHER NOTICE** that a hearing will be held to approve
 17 the sale of the Purchased Assets to the Winning Bidder (the “Sale Hearing”) before
 18 the Honorable Laura S. Taylor, United States Bankruptcy Judge, United States
 19 Bankruptcy Court for the Southern District of California, Dept. 3 – Courtroom 129,
 325 West F Street, San Diego, California, on **February 22, 2023, at 1:00 p.m.**
 20 **(prevailing Pacific Time)**, or at such time thereafter as counsel may be heard or at
 21 such other time as the Bankruptcy Court may determine. The Sale Hearing may be
 22 adjourned from time to time without further notice to creditors or parties in interest
 23 other than by announcement of the adjournment in open court on the date scheduled
 for the Sale Hearing. Objections to the Sale shall be filed with the Bankruptcy Court
 and served so as to be received no later than **February 13, 2023, at 5:00 p.m.**
 24 **(prevailing Pacific Time)** on the Notice Parties.

25 **PLEASE TAKE FURTHER NOTICE** that this Notice of the Auction and
 26 Sale Hearing is subject to the full terms and conditions of the Motion, Bidding
 27 Procedures Order and Bidding Procedures, which Bidding Procedures Order shall
 control in the event of any conflict, and the Debtor encourages parties in interest to
 28 review such documents in their entirety. Any party that has not received a copy of
 the Motion or the Bidding Procedures Order that wishes to obtain a copy of the

1 Motion, the Bidding Procedures Order (including all exhibits thereto) may make such
 2 a request in writing to Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los
 3 Angeles, California 90017 (Attn: Tania M. Moyron (tania.moyron@dentons.com))
 or calling (213) 623-9300.

4 **PLEASE TAKE FURTHER NOTICE THAT THE DEBTOR RESERVES**
 5 **ITS RIGHTS TO MODIFY THESE BIDDING PROCEDURES IN ANY MANNER**
 6 **IN CONSULTATION WITH THE COMMITTEE THAT WILL BEST PROMOTE**
 7 **THE GOALS OF THE BIDDING PROCESS. THE DEBTOR FURTHER**
 8 **RESERVES ITS RIGHTS, UNLESS OTHERWISE ORDERED BY THE COURT,**
 9 **TO IMPOSE, IN CONSULTATION WITH THE COMMITTEE, AT OR PRIOR**
 10 **TO THE AUCTION, ADDITIONAL TERMS AND CONDITIONS ON THE SALE**
 11 **OF THE PURCHASED ASSETS, INCLUDING, WITHOUT LIMITATION,**
 12 **EXTENDING THE DEADLINES SET FORTH IN THESE BIDDING**
 13 **PROCEDURES, ADJOURNING THE AUCTION AT OR PRIOR TO THE**
 14 **AUCTION AND/OR ADJOURNING THE SALE HEARING PRIOR TO SUCH**
 15 **HEARING OR IN OPEN COURT WITHOUT FURTHER NOTICE, AND**
 16 **REJECTING ANY OR ALL QUALIFIED BIDS IF, IN THE DEBTOR'S**
 17 **REASONABLE, GOOD-FAITH BUSINESS JUDGMENT, FOLLOWING**
 18 **CONSULTATION WITH THE COMMITTEE, THE DEBTOR DETERMINES**
 19 **THAT SUCH QUALIFIED BID IS (I) INADEQUATE OR INSUFFICIENT, (II)**
 20 **NOT IN CONFORMITY WITH THE REQUIREMENTS OF THE BANKRUPTCY**
 21 **CODE OR ANY RELATED RULES OR THE TERMS SET FORTH HEREIN, OR**
 22 **(III) CONTRARY TO THE BEST INTERESTS OF THE DEBTOR. THE DEBTOR**
 23 **RESERVES THE RIGHT, AT ANY TIME, AND IN CONSULTATION WITH**
 24 **THE COMMITTEE, FOR ANY REASON AND IN ITS REASONABLE,**
 25 **BUSINESS JUDGMENT, TO DECLINE TO PURSUE THE SALE AND TO**
 26 **WITHDRAW ANY MOTION FILED IN THE COURT SEEKING TO APPROVE**
 27 **THE SALE.**

28 Dated: December 12, 2022

DENTONS US LLP
 SAMUEL R. MAIZEL
 TANIA M. MOYRON

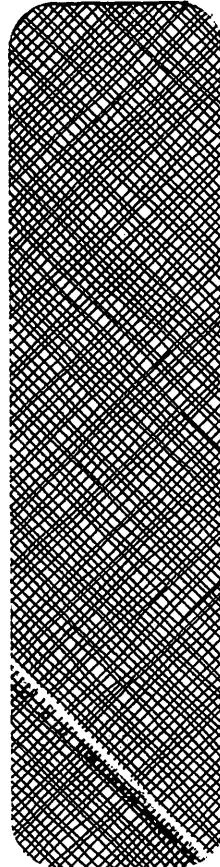
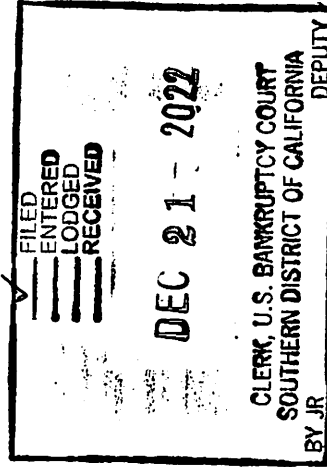
By /s/ Tania M. Moyron
 Tania M. Moyron

Attorneys for the Chapter 11 Debtor
 and Debtor In Possession

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

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OFFICIAL BUSINESS



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